

THRU : 25X1A9A
AD/RR
Chief, D/I

24 July 1952

Formal extension of a proposed study on investment and its relations to ORR aims.

1. In a memorandum dated 8 July 1952 and addressed to Chief, D/I, I discussed the intelligence value of a proposed study on U. S. investment. The main point of the discussion was to indicate in what ways the study would be generally useful to the economic research divisions of CIA. Some of these general applications can now be formalized and one of them can be incorporated directly into the study.

3. It is not possible at this juncture to conduct a study in the manner implicitly suggested by this consideration since information and data about investment in the USSR is quite inadequate. Yet, the study could be carried forth on the basis of an analogy with the United States setting the standards (Justification of an analogy of this order was given in the memorandum referred to above). According to professor Milton Friedman, University of Chicago; Roy Blough, the Council of Economic Advisers; and George Terbough, the Machinery and Allied Products Institute, no such study of the U. S. has been made. It is, therefore, necessary to conduct a study of the distribution of investments among assets of varying degrees of durability in the U. S. before a similar study of the USSR can be made.

4. It is suggested, therefore, that the proposed study on investment be divided into two parts. Part I being the study of investment in the U. S., and Part II being the end product and all source study of the USSR. The first part would be carried on in the manner suggested earlier. The second part would be carried on in a manner best suited to the specialized functions of the Industrial Division.

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P75-00662R000200140004

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